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## Authority for Consumers & Markets



# NMa imposes fines totaling more than EUR 80 million for cartel agreements in flour industry

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The Netherlands Competition Authority (NMa) has imposed fines, totaling EUR 81.6 million, on flour producers in the Netherlands, Belgium and Germany. Fifteen firms in different group compositions have shared the market among themselves, or have concluded agreements in order to restrict competition. These firms are responsible for the lion's share of the Dutch market. The NMa takes strong actions against these cartel agreements, because they hurt consumers.

Pieter Kalbfleisch, chairman of the Board of the NMa, explains: 'Cartel agreements virtually always harm consumers, and are therefore illegal. Everyone in the Netherlands eats bread and/or other flour-based products on a daily basis, and may thus have been harmed by these cartel agreements.' The flour market has long ceased to grow, because consumers have not increased their bread consumption. However, in order for each to remain assured of a certain market share, various flour producers shared the market between 2001 and 2007. This has led to the agreement not to take over each other's customers, making it harder for those customers to negotiate better prices. In addition, a competitor that did not take part in the cartel agreements was bought and was taken off the market. Another competitor, one that did take part in the agreements, was compensated for revenue losses on the condition that he would not be a spoilsport. Furthermore, a complete flour mill in the south of the Netherlands was bought by a straw man, and was subsequently dismantled in order to prevent any new competitor from opening a new flour business there.

The following Dutch participants were involved in the cartel agreements: Meneba (fined EUR 9 million), Ranks (fined EUR 13.1 million), Krijger (fined EUR 71,000) and Koopmans. The latter was not fined because of prescription. The following Belgian participants were involved: Dossche (EUR 22.8 million), Ceres (EUR 12.9 million) and Brabomills (EUR 4.6 million). And the following German participants were involved: Werhahn (EUR 3.9 million), Grain Millers (EUR 2.8 million), Flechtorfer (EUR 908,000), Gebr. Engelke (EUR 7.7 million), VK Mühlen (EUR 2.3 million), Okermühle, Milser Mühle and Saalemühle (EUR 392,000 each).

Meneba, Werhahn and Grain Millers applied for leniency with the NMa. Under the NMa's leniency program, cartel participants may be eligible for fine reduction, if they confess their cartel to the NMa. The first cartel participant to apply may even escape a fine completely, provided the participant voluntarily files a leniency application with the Leniency Office of the NMa, and provides relevant information about the cartel. More information on the NMa's leniency program can be found online.

During the investigation, the NMa closely cooperated with other European competition authorities.

This post was originally published on the website of the Netherlands Competition Authority (NMa).

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